

Message Text

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AF/EPS:RLOMBARDI

AF/S:SMCDONALD

TARIFF:LGRANT

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R 172218Z DEC 74

FM SECSTATE WASHDC

TO AMCONSUL LUANDA

INFO AMEMBASSY LISBON

AMEMBASSY LONDON

AMCONSUL AMSTERDAM

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: COFFEE: ANGOLAN COFFEE SUBJECT OF LEGAL ACTIONS

1. FIVE UNITED STATES COFFEE IMPORTERS FILED SUIT IN MANHATTAN FEDERAL COURT IN LATE NOVEMBER AGAINST FOUR UNITED STATES COFFEE IMPORTERS AND SEVEN FOREIGN EXPORTERS CHARGING THEM WITH CONSPIRING TO FIX THE PRICE OF ANGOLAN COFFEE "ARTIFICIALLY HIGH, THROUGH UNFAIR ACTS AND METHODS WHICH RESTRAINED COMPETITION". THE SUIT CHARGES THE DEFENDANTS LAST SEPTEMBER AGREED TO ARBITRARILY FIX THE PRICE OF AMBRIZ COFFEE AT 62.50 CENTS PER POUND, WHEN THE FREE MARKET PRICE WAS AT 48.50 CENTS PER POUND. THE SUIT WAS BROUGHT UNDER THE SHERMAN AND CLAYTON ANTI-TRUST ACTS AND THE TARIFF ACT OF 1930. TRIAL OF THE SUIT IS NOW SCHEDULED FOR APRIL. COMPLAINT ALSO FILED WITH TARIFF COMMISSION.

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2. THE PLAINTIFFS STATED THAT THEY HAD PURCHASED

FUTURES CONTRACTS FOR ANGOLAN COFFEE AT 48-49 CENTS PER POUND FOR OCTOBER-DECEMBER 1974 DELIVERY. THEY ALLEGE THE DEFENDANTS CONSPIRED IN MID-SEPTEMBER TO GET THE ANGOLAN AUTHORITIES TO PROHIBIT COFFEE EXPORTS AT PRICES LESS THAN 62.50 CENTS PER POUND FOB ANGOLAN PORTS.

3. SECTION 337 OF THE TARIFF ACT OF 1930 PROHIBITS UNFAIR IMPORT PRACTICES AND IS NORMALLY USED TO PROTECT PATENTS. THE TARIFF COMMISSION IS STUDYING THE LAWSUIT TO DETERMINE

IF SECTION 337 APPLIES IN THIS CASE. IF IT WERE TO ACCEPT THE CASE AND ACT, THE REMEDIAL ACTION COULD BE TO PROHIBIT FURTHER IMPORTS OF ANGOLAN COFFEE BY THE FIRMS NAME UNDER THE CONDITIONS CITED.

4. THE FOREIGN DEFENDANTS NAMED IN THE COMPLAINT FILED WITH THE TARIFF COMMISSION ARE: ANGOLA COFFEE COMPANY, AMSTERDAM; CARDOSO & CIA. LDA., LUANDA; JOPEDROS LDA, LUANDA; MADEIRA & MARQUES, LUANDA; PACOL LIMITED, LONDON; PROCAFE, LUANDA; AND VAN CAF LIMITED, LUANDA.

5. THE FOREGOING IS PROVIDED PRIMARILY FOR THE POST'S BACKGROUND SHOULD EITHER THE COURT OR THE TARIFF COMMISSION DECIDE TO TAKE ACTION WHICH MIGHT AFFECT FUTURE ANGOLAN COFFEE EXPORTS TO THE UNITED STATES. AT THE SAME TIME, THE DEPARTMENT WOULD BE INTERESTED IN ANY BACKGROUND THE POST CAN PROVIDE ON GOVERNMENTAL DECISIONS TO PROHIBIT EXPORTS BELOW A SPECIFIC PRICE AND, IF POSSIBLE, THE OFFICIAL WORDING OF ANY DECREE OR OTHER ACTION AND AN INDICATION OF WHO ISSUED IT. WE WOULD ALSO LIKE ANY INFO POST CAN DEVELOP ON WHO IS MAKING ANGOLA'S COFFEE POLICY DECISIONS AT THE PRESENT TIME. KISSINGER

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